

THOMAS J. MILLER ATTORNEY GENERAL

Bepartment of Justice

ADDRESS REPLY TO: HOOVER BLDG., SECOND FLOOR 1300 EAST WALNUT DES MOINES, IOWA 50319 515/281-5926

CONSUMER PROTECTION DIVISION

1987

RE:

and Issuance of Lender Credit

Cards to Iowans

Dear

You have requested the advice of the Administrator of the Iowa Consumer Credit Code (I.C.C.C.) and whether your client may issue lender credit cards to Iowans. In addition, you have also asked whether the written agreement provided to this office and entitled "VISA CREDIT CARD AGREEMENT and DISCLOSURE" complies with the Iowa Consumer Credit Code. (A copy of the agreement is attached to this letter.)

According to the information you have provided to us, is a federal savings bank chartered by the Federal Home Loan Bank Board (F.H.L.B.B.). The bank is located in California and does not intend to have any offices in Iowa. Since the bank is federally chartered by the FHLBB and assuming that it is supervised and examined by the FHLB, it is a "supervised financial organization" under the ICCC and may make loans to Iowans at the rates provided for in § 537.2402. Even though the bank has no Iowa office, under the jurisdictional provisions of the ICCC (See § 537.1201) the credit cards issued to Iowans are transactions "entered into" in Iowa.

Use of the lender credit card constitutes a consumer loan under the ICCC (§ 537.1301(25)(a)(3). In order for a creditor, who makes a consumer loan by means of a lender credit card, to charge the finance charges allowed by § 537.2402, the lender must be a supervised financial organization or a licensed lender (See: §§ 537.1301(41) and (42) and § 537.2301).

While the administrator does not "approve" credit card agreements, we have nevertheless reviewed the bank's agreement to

determine whether charges assessed by the bank are authorized under the ICCC and whether any practices described in the agreement are permissible under the ICCC. With the modifications which you have made to the agreement as of August 14, 1987, there appears to be no ICCC compliance problem with the terms of the agreement. Of course, as you know the agreement is also subject to the federal Truth-In-Lending Act, 15 § USC § 1601 et seq. which is incorporated in the ICCC (See: § 537.6104(2).

I hope this letter addresses the questions which you have raised on behalf of . Please be sure that your client understands that this letter is merely advice of the administrator of the ICCC. It is not an opinion of the Attorney General nor is it a rule or ruling of the administrator.

Sincerely,

LINDA THOMAS LOWE Assistant Attorney General

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enclosure